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DEPARTMENT OF TREASURY
LANSING

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STATE TREASURER

TO: Participating Schools and Lenders

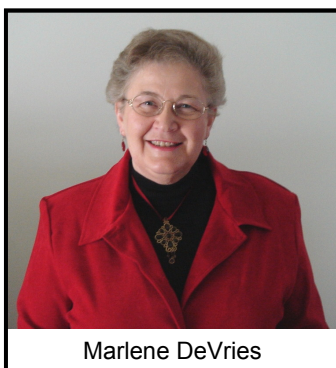
FROM: Diane Todd Sprague, Director

DATE: November 6, 2006

SUBJECT: Educational Loan Notes

FEATURED FINANCIAL AID PROFESSIONAL

Marlene DeVries loves her job. She really does. The road leading up to becoming the Director of Financial Aid at Grace Bible College has had its ups and downs. She started working when she was 17 years old as an accounts payable/receivables clerk in a one-woman office in Kalamazoo. She even had her own apartment there (now that was young!).



Marlene DeVries

From there she took a couple of years off from work to get married. While her husband served in the United States Navy, Marlene took care of things on the home front (at that time in California) and became the mother of her first born, a son. When her husband got out of the Navy, the family moved to Dearborn and during the next few years Marlene worked at Ford Motor Company in accounts payable. She also became the mother of her second born, a daughter. They then moved back to Grand Rapids, and while her husband attended Grace Bible College, she went to work for the first time at the college as a receptionist in accounts payable/receivables. When her husband graduated from

Grace Bible College, he became a pastor, and her family moved to Illinois. While there, she attended college and became the mother of her third born, another daughter.

Her education and experience qualified Marlene for her job in Chicago as a computer operator and an office manager of seven employees. It was at this time that her mother needed help so the family moved back to Michigan. When Grace Bible College heard that she was back in town they asked her to join them again. When she first took over as the Director of Financial Aid, nothing had been computerized so she worked to transition everything over to digital format.

She has been with Grace Bible College for a total of more than 25 years, with about 13 of those years in financial aid. As the only person in the financial aid department, Marlene does seek advice from financial aid

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colleagues and has always found them to be helpful. Due to her many years in financial aid, Agnes Russell from Kuyper College has been the greatest resource for Marlene.

Marlene says that she has enjoyed every job that she has had, but working with financial aid has been the most rewarding. The greatest reward is to have the wonderful feeling of knowing that you have done your best for each student. She says that sometimes it is a thankless job, but her “thank you” comes when she has the thrill of seeing the graduates walk down the aisle to receive their diplomas.

Her life has not just been financial aid. In the last few years she has white-water rafted in North Carolina, snorkeled in Cancun, climbed Chichen Itza (the Mayan pyramid) in Mexico, has taken trips with other singles, done some biking, and most of all has enjoyed her three, soon to be four, grandchildren. She says that God is so good. Marlene is planning to retire next year from working full-time, but would still like to work part-time in financial aid, so if you hear about a job in the Grand Rapids area, let her know!

MAKE PLANS TO ATTEND MGA’S DEFAULT AVERSION SYMPOSIUM

In a recent posting to the MIFINAID Listserv, Michigan Student Financial Aid Association’s (MSFAA) President-elect Rick Shipman postulates, “One critical component of improving student loan defaults is student academic success, an area outside the purview of financial aid administrators. We are asking that school personnel responsible for student academic success, retention, or persistence consider attending the upcoming free symposium on this topic. This forum will serve as the foundation for two additional symposia over the next year.” The Michigan Guaranty Agency (MGA) echoes this sentiment and invites school admission, student services staff, etc. to join in learning how they are integral to reducing student loan defaults.

The second installment of MGA’s Default Aversion Symposium Series entitled, *Methodologies, Research, and Exploration: Getting Help to Those Who Need It Most*, is scheduled for Tuesday, November 21, 2006, at the Kellogg Center in East Lansing. This

installment will focus on successfully proven methodologies and research techniques that will allow schools to better understand and identify students who may be more likely to default, thereby allowing schools to better allocate resources to those who need it most. MGA is pleased to welcome Dr. Sandy Baum as the keynote speaker.

Dr. Baum is a Professor of Economics at Skidmore College and a Senior Policy Analyst at the College Board. Dr. Baum earned her B.A. in sociology at Bryn Mawr College and her Ph.D. in economics at Columbia University. She has written extensively on issues relating to college access, college pricing, student aid policy, student debt, affordability, and other aspects of higher education finance.

Dr. Baum is the co-author of *Trends in Student Aid*, *Trends in College Pricing*, and *Education Pays: The Benefits of Higher Education for Individuals and Society* for the College Board. Other recent work includes studies of setting benchmarks for manageable student debt levels and of tuition discounting in public and private colleges and universities. Dr. Baum has served as consulting economist to the College Board’s Financial Aid Standards and Services Advisory Committee since 1988 and has worked with a variety of other higher education organizations, in addition to individual colleges and universities.

In addition to Dr. Baum, two breakout sessions are planned with one focusing on the steps involved in conducting a research project and the other focusing on the steps to implement a default aversion plan. Attendees will have the opportunity to participate in both sessions.

Representatives from the U.S. Department of Education Federal Student Aid Default Prevention group attended the MSFAA Summer Training to kick-off the Michigan Statewide Default Prevention Project with the goal of further engaging Michigan schools in default prevention activities. The symposium is designed to assist MSFAA in this endeavor.

The meeting site is handicapped accessible, including parking. Individuals with disabilities who need mobility, visual, hearing, and/or

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other assistance for effective participation should indicate such needs when registering. All such requests should be directed to Toots Lapata-Victorson at extension 30296, at least ten days before the workshop. Any requests received after November 8 cannot be guaranteed.

Information and registration is available at www.mgaload.com in the What's New area. If you have any questions, please contact Toots Lapata-Victorson at 1-800-642-5626, extension 30296, or via email at victorsont@michigan.gov.

FALL SCHOOL WORKSHOP REMINDER

MGA's 2006 Fall School Workshops will be held on Wednesday, November 15, at the VisTaTech Center at Schoolcraft College in Livonia, and Thursday, November 16, at Grand Rapids Community College's Tassell M-TEC.

Agenda topics for the workshop are:

- **Federal update:** This session provides you with a status report on the reauthorization changes resulting from the Higher Education Reconciliation Act of 2005 and previews updates to the 2006-2007 Free Application for Federal Student Aid (FAFSA) and the federal student aid delivery system.
- **New federal programs:** Learn about the eligibility requirements and administrative responsibilities of the two new federal grant programs established through the HERA (ACG and SMART) as well as the legislation's extension of PLUS loan eligibility to graduate and professional students.
- **Calculating the EFC:** Test your understanding of the changes in the HERA and how they affect the EFC calculation for 2006-2007. You will have the opportunity to engage in team-based discussions of a case study.
- **Doing more with less:** Financial aid administrators often are asked to accomplish more with less: less funding, less time, and less manpower. In this session, you will be able to share with your

colleagues your personal tips and tricks for doing more with less.

- **Identity theft:** A concern to all consumers, the threat of identity theft requires that students and employees of postsecondary institutions be aware of how to protect their own and their customers' confidential information. This session summarizes the types of identity theft, how identities can be stolen, precautions to prevent identity theft, as well as steps to take if identity theft occurs.

Registration and a continental breakfast will begin at 8:30 a.m., with the first session starting at 9:00 a.m. Lunch will be provided, and we plan to conclude at approximately 3:00 p.m. As always, there is no cost to your institution for attendance at our workshops.

The meeting sites are handicapped accessible, including parking. Individuals with disabilities who need mobility, visual, hearing, and/or other assistance for effective participation should indicate such needs when registering. All such requests should be directed to Jim Swisk at extension 37121, at least ten days before the workshop. Any requests received after November 6 cannot be guaranteed.

To register go to our Web site at mgaloan.com. On our homepage listed under "What's New" is a link to the online registration form. All reservations will be acknowledged with a confirmation email, including directions to the workshop site.

If you have any questions or concerns regarding registration, please contact Stacy Cardwell at extension 36074 or via email at cardwells@michigan.gov. Questions pertaining to the workshop should be directed to Jim Swisk at extension 37121 or via email at swiskj@michigan.gov.



MANY PRINTED RESOURCES HAVE BEEN REVISED

MGA prides itself on being a comprehensive financial aid services guarantor, committed to working with higher education professionals every step of the way to ensure student success.

MGA has revised a number of printed resources to reflect the latest regulation changes and needs of higher education professionals and student borrowers. We are committed to providing you with current printed materials that reflect professional communications that borrowers will value and understand. By ordering online direct from MGA (www.mgaload.com), you can ensure that your office is well stocked at all times with the items you need to efficiently serve families, students, and borrowers.

The following publications have been **revised** and are available for you to order:

- **Student Loan Entrance Interview Form** - 8.5"x 11" two-part carbonless form (July 2006).
- **Student Loan Exit Interview Form** - 8.5"x 11" three-part carbonless form (July 2006).
- **Educational Loan Organizer** (July 2006) - inside pages revised including Forbearance and Deferment options. Your school representative would be happy to pick up outdated inventory from your office as we did not change the exterior cover/pocket folder.
- **Brochures** - *You Can Afford Higher Education* (August 2006).
 - ♦ Federal Stafford Loans
 - ♦ Federal PLUS Loans
 - ♦ Federal Grad PLUS Loans
 - ♦ Federal Consolidation Loans
- **Charts** - *Repayment* (August 2006).
 - ♦ Graduate and Professional Stafford Loan Estimated Monthly Repayment Schedule
 - ♦ FFELP Estimated Monthly In-School Interest Payment

- ♦ Estimated Monthly Repayment Schedule For All FFELP and FDLP Repayment Plans

More printed resources are being developed. Any of the above old versions can be destroyed **except** the Loan Organizer covers. We would like to update them with the new inside pages.

Please let us know what you think of the revised materials and if you have any ideas for additional resources that would help you reach students and parents. Questions, comments, or suggestions may be directed to Jim Peterson at extension 36944 or via email at petersonj@michigan.gov. We appreciate the opportunity to serve the Michigan financial aid community.

HERA CHANGES GIVE MORE BORROWERS THE BENEFITS OF A FRESH START

Changes to eligibility requirements for the rehabilitation of student loans have resulted in an increase in borrowers taking advantage of this option to resolve their defaulted loans, bringing their accounts to a "current" status.

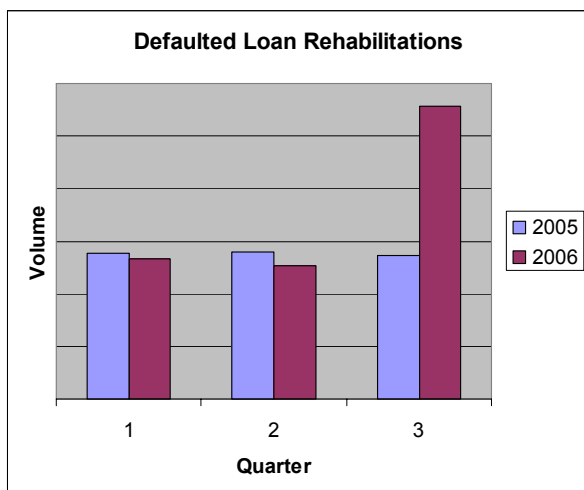
Previously, a borrower who wanted to rehabilitate a defaulted loan was required to make 12 consecutive monthly payments on the loan. The Higher Education Reconciliation Act (HERA), effective July 1, 2006, changed that requirement to nine payments made within 20 days of the due date during a period of ten consecutive months, as established under a guaranty agency's loan rehabilitation agreement with the borrower. (These changes do not apply to rehabilitation of defaulted Federal Perkins loans.)

In addition to the reduction of required monthly payments, the "grace period" for a qualifying payment was increased from 15 to 20 days, and the allowance of nine payments in ten consecutive months also means that a borrower may miss one payment during this time. These changes provide additional flexibility for struggling individuals to deal with financial difficulties, busy lifestyles, and the unexpected.

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For a loan rehabilitation agreement that began prior to July 1, 2006, guaranty agencies now can consider the borrower to have met the new rehabilitation standard if at least one of the borrower's payments was made (within 20 days of the due date) on or after July 1, 2006. This is good news to borrowers who are interested in improving their credit standing, as their loan is then repurchased by a lender and reflected on their credit report as a new loan in current status, and the old loan is removed.

MGA's Claims and Collections staff has seen the results of this expanded opportunity to help borrowers get out of default, improve their credit, and get a second chance. For the third quarter of 2006, immediately after the new HERA provisions, MGA saw an increase in rehabilitations of 119 percent from the second quarter of 2006 and a 104 percent increase over the third quarter of 2005.



MGA attributes the initial increase to the fact that all of the borrowers that made their 9th, 10th, 11th, or 12th payment in July became eligible at once. Forecasting predicts that the reduced number of payments will continue to equate to as much as a 40 percent increase in rehabilitations in the long run over historical levels.

Borrowers interested in taking advantage of this beneficial program may contact the Michigan Guaranty Agency by calling 1-800-MGA-LOAN, extension 60600, or via email at mga@michigan.gov.

HIGH SCHOOL COUNSELOR VIDEO CONFERENCE

November 14, 2006, marks the fifth year that MSFAA and the Student Financial Services Bureau have co-sponsored the annual student financial aid update to Michigan high school counselors by way of a video conference. For 33 years prior to the video conference, the annual student financial aid update was presented at various workshops throughout the state.

The video conference will be broadcast again this year from the WKAR public television station located at the Michigan State University campus in East Lansing, Michigan. There are 24 colleges and universities as well as two Intermediate School District offices serving as hosts for this year's video conference.

All financial aid staff are welcome to attend. Registration is necessary and reservations may be made by contacting the site host at the location you plan to attend. Attached to this issue of *Educational Loan Notes* is the [contact information](#) for each hosting institution.

Many thanks to the site hosts and to the technical coordinators for supporting this event. For more information regarding the High School Counselor Video Conference, please contact Peggy LaFleur at extension 38319 or via email at laflaurp@michigan.gov.

2006-2007 MICHIGAN POSTSECONDARY HANDBOOK

MGA's Outreach Services is in the process of updating the *Michigan Postsecondary Handbook*. Michigan community colleges, public four-year universities, and independent colleges and universities have provided updated profile information for 2006-2007. MGA is in the process of reviewing this information.

Program information for two- and four-year colleges and universities will not be updated until the 2007-2008 edition, and then on an every-other-year basis. Proprietary schools' program information will be updated every year.

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In addition, there are four other areas of the handbook for which updates will be provided:

- Occupational Programs Licensed by Other State Agencies
- Classification of Instructional Programs
- Advanced Placement and Dual Enrollment Policies for Michigan Colleges and Universities
- ACT and SAT Information

The 2006-07 *Michigan Postsecondary Handbook* should be ready for publication by the middle of December. If you have any questions or concerns, please contact Patty Hill at extension 36051 or via email at hillpl@michigan.gov.

**LENDERS SHOULD
CONTINUE TO USE CURRENT
CONSOLIDATION APPLICATION**

The current Federal Consolidation Loan Application and Promissory Note and the accompanying common loan consolidation forms expired October 31, 2006. The U.S. Department of Education has confirmed that the expiration date of the forms will be extended until revised forms are approved and distributed. Lenders may continue to use existing forms until the publication of revised forms.

THE “ED” PIPELINE

Following is a description and link to some of the most recent ED correspondence for schools and lenders.

Dear Partner
October 2006
GEN-06-18

This letter provides guidance to institutions concerning how to implement the “academic year” definition within the ACG and National SMART Grant programs for the 2006-2007 and 2007-2008 award years.

Dear Partner
October 2006
ANN-06-11

This letter announces that the 2006-07 edition of FSA COACH is now available at www.ed.gov/fsacoach. This self-paced online training course offers a comprehensive introduction to FSA management and has been updated to include HERA requirements.

SCHOOL LIST UPDATES

The following changes should be recorded by lenders on MGA’s “Active Michigan School List,” dated July 28, 2006. If you have any questions, please contact Stacy Cardwell at extension 36074, or via email at cardwells@michigan.gov.

Contact Information Update

Sacred Heart Major Seminary, Detroit, 002313-00

The new contact person is Jeannette Murrell, Financial Aid Director. Her telephone number is 313-883-8781, fax number is 313-883-8709, and email address is murrell.jeannette@shms.edu.

Madonna University, Livonia, 002282-00

The new contact is Thomas Laabs, Director. His telephone number is 734-432-5448, fax number is 734-432-5344, and email address is tlaabs@madonna.edu.

New Title IV Eligibility

Kaplan Institute, Detroit, 022898-01

Located at 3031 West Grand Boulevard, Suite 236, Detroit, MI 48202-3008. The contact person is Jennifer Andrews, Director of Financial Aid. Jennifer’s telephone number is 313-456-8112, fax number is 313-972-5467, and email address is jandrews@kaplan.edu.

P & A Scholars Beauty School, Detroit, 040143-00

Located at 12001 Grand River Avenue, Detroit, MI 48204. The contact person is Anna Jackson, Owner. Anna’s telephone number is 313-933-9393, fax number is 313-933-4636, and email address is annaslegacy1@aol.com.

Calendar of Upcoming Events

November 2006

- 7 MGA offices closed
- 10 MGA offices closed
- 14 High School Counselor Video Conference
Sites across Michigan
- 15 Fall School Workshop
Schoolcraft College
VisTaTech Center
Livonia, Michigan
- 16 Fall School Workshop
Grand Rapids Community College
M-TEC Center
Grand Rapids, Michigan
- 21 Default Aversion Symposium II
Kellogg Center
East Lansing, Michigan
- 23-24 MGA Offices Closed
- 28-Dec. 2 Federal Student Aid Conference
(formerly known as EAC)
Paris Las Vegas
Las Vegas, Nevada

December 2006

- 25-26 MGA Offices Closed

January 2007

- 1-2 MGA Offices Closed
- 9 Mapping Your Future Evening Chat
7:00-8:00 p.m. General financial aid, student
loan, and money management questions.
- 15 MGA offices closed
- 28 - 31 MSFAA Winter Training
Dearborn, Michigan

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at extension 36944, or via email at petersonj@michigan.gov.

2006 HIGH SCHOOL COUNSELOR VIDEO CONFERENCE

Host Sites and Contact Information

Allen Park

Baker College of Allen Park
Contact – Cliff Levitt
cliff.levitt@baker.edu

Alpena

Alpena Community College
Contact – Max Lindsay
lindsaym@alpenacc.edu

Ann Arbor

Cleary University
Contact – Vesta Smith-Campbell
vscampbell@cleary.edu

Benton Harbor

Lake Michigan College
Contact – Anne Tews
tews@lakemichigancollege.edu

Cadillac

Baker College of Cadillac
Contact – Kristin Bonney
kristin.bonney@baker.edu

Detroit

Wayne State University
Contact – Daisy Cordero
dcordero@osfa.wayne.edu

East Lansing

Michigan State University
Contact – Vickie Unferth
snecken1@msu.edu

Escanaba

Bay de Noc Community College
Contact – Sue Hebert
heberts@baycollege.edu

Flint

University of Michigan- Flint
Contact – Lori Vedder
lvedder@umflint.edu

Grand Rapids

Davenport University
Contact – David De Boer
david.deboer@davenport.edu

Grand Rapids

Grand Valley State University
Contact – Linda VanDenBrink
vandenbl@gvsu.edu

Hancock

Copper Country ISD
Contact – Joseph Galetto
jgaletto@copperisd.org

Kalamazoo

Western Michigan University
Contact – Carol Mountjoy
carol.mountjoy@wmich.edu

Marquette

Northern Michigan University
Contact – Lori Pelkola
lpelkola@nmu.edu

Mt. Pleasant

Central Michigan University
Contact – Diane Lambert Fleming
flem1dl@cmich.edu

Muskegon

Muskegon Community College
Contact – Carolyn Kamerad
carolyn.kamerad@muskegoncc.edu

Petoskey

North Central Michigan College
Contact – Virginia Panoff
vpano@ncmich.edu

Port Huron

St. Clair County Community College
Contact – Jo Cassar
jcassar@sc4.edu

Roscommon/Houghton Lake

Kirtland Community College
Contact – Christin Horndt
horndtc@kirtland.edu

Saginaw/Bay City/Midland

Saginaw Valley State University
Contact – James Hernandez
jhernand@svsu.edu

Sault Ste. Marie

Lake Superior State University
Contact – Heidi Witucki
hwitucki@lssu.edu

Scottville

West Shore Community College
Contact – Victoria Oddo
vjoddo@westshore.edu

Sterling Heights

Utica Community Schools
Contact – Richard Machesky
richard.machesky@uticak12.org

Traverse City

Northwestern Michigan College
Contact – Sally King
sking@nmc.edu

Warren

Macomb Community College
Contact – Katrina Hamlin
hamlink@macomb.edu

Ypsilanti/Ann Arbor

Eastern Michigan University
Contact – Jennifer Tremewan
jtremewan@emich.edu